LEADING THE WAY

In an environment where consumers and business owners seek value, service, and stability, FBFC leads the way in our communities. We have built our brand on sound financial principles, responsive service, and community leadership, all backed by a focus on local needs and local banking. Commitment to community banking values is the backbone of our business, and the driver of our growth.

GROWTH

In 2012, our assets increased 12% to $810 million. When serviced loans are included, assets grew to $1.25 billion, for total growth of 23%.

First Bank Financial Centre (FBFC) has successfully differentiated itself from its competitors throughout the economic downturn, and 2012 was no exception. For the second consecutive year, we are proud to report the highest earnings in our history. Our excellent performance was driven by our growth strategy, resulting in significant customer growth, higher revenues, and improved asset quality and capital strength.

The strategic focus on our core strengths of small business banking, mortgage lending, and retail banking, has led to tremendous growth. For the fourth consecutive year, FBFC was recognized as the number one community bank originator of Small Business Administration (SBA) loans in the State of Wisconsin. We have established ourselves as one of the top community bank residential mortgage originators in our state, and have enjoyed a significant increase in our customer base, recording double digit growth in deposits, households, and checking accounts. Additionally, FBFC has been recognized for three consecutive years by the Milwaukee Journal Sentinel as being a Top Workplace, and in 2012, we were ranked number one in the midsize business category.

FBFC has continued our commitment to enhancing the customer experience by introducing more convenient banking options. In 2012, we upgraded our suite of online services, enabling customers to better monitor cash, initiate transactions, and utilize mobile banking. We expanded the Bank’s footprint with the acquisition of two branches, and the construction of a third branch. This means we can now provide our customers with convenient access to eleven locations, and we’ve introduced our organization to households in Ozaukee County.

Thanks to our continued success, our employees look forward to the future with confidence. We are proud of our past performance, and will continue to build upon the momentum we have created. With our proven strategy for growth, and dedicated employees, we are in an excellent position to succeed for years to come. On behalf of the Board of Directors and our employees, we thank you for your trust and investment in our great community bank.

Mark W. Mohr, President & CEO
2012 FINANCIAL HIGHLIGHTS

In our annual report from last year, we presented very positive financial results. This year, the results are even stronger. For the second consecutive year, we are reporting the highest earnings in our history. Our balance sheet strengthened even further, and our risk profile became even more conservative. Capital, reserves, liquidity, and production were at all-time highs. The exceptional performance is again driven by a dedicated employee base implementing a comprehensive strategic plan.

Profitability
- Net Income increased 3.7% to $5.2M; resulting in an Earnings Per Share value of $15.48 and a Return On Equity of 8.82%.
- Higher profits were derived from strong loan production and a reduction in our cost of funds.
- The book value of Oconomowoc Bancshares stock increased from $171 to $181 per share. The Price to Book ratio stood at 1.02x at year end.
- We increased the dividend for the second straight year, from $2.76 to $2.80 per share.

Production
- During 2011, we generated a record $282M in loans. We were able to significantly build upon this production in 2012 by generating nearly $500M in loans, a 75% increase.
- Our mortgage and SBA servicing portfolios combined increased 42% to $441M.
- Deposit balances increased nearly $70M in 2012 as we acquired branches in Brookfield and Mequon, and constructed a third in Grafton.
- We saw 15-20% product line increases in all depository and digital banking lines.

Capital
- Capital ended at the highest level in our history totaling $60.6M.
- Capital ratios remain very strong with a Leverage Ratio of 8.5% and a Risk Based Capital Ratio of 13.05%.
- We increased the Loan Loss Reserve 58% to $8.2M.
- We are considered to be “well-capitalized” by Federal Reserve standards.

Liquidity
- We continue to hold very high levels of On-Balance sheet liquidity. Cash and Investments ended the year at $242M up from $168M in 2011.

Asset Quality
- Asset quality continues to remain strong. The non-accrual loan ratio finished the year at 0.86%. The state average at year end was 1.74%.
- Other Real Estate balances declined 33% to $9.8M.
- We provisioned $6.0M to the loan loss reserve and incurred net losses on Other Real Estate of $3.2M.
- We anticipate having the majority of our Legacy related credit losses finalized in 2013.

FBFC experienced strong retail growth results in 2012, as more consumers chose the benefits of a community bank. By banking locally, customers receive the benefits of a relationship-based banking experience, and the pride of reinvesting in one’s community.
Local deposits fuel FBFC’s loan programs, which, in turn, spur community growth and promote economic stability. Low rates, flexible down payments and payment terms, along with local servicing, resulted in strong growth for home lending in 2012.

FBFC has a variety of loan options for conventional loans, along with home equity lines of credit (HELOC), and refinancing programs. FBFC underwrites, funds, and services most of our own loans. Experienced lenders are on hand to make the application and closing processes fast and easy.

- **Mortgage Loan Servicing** (in millions)
  - 2009: 174.8
  - 2010: 218.6
  - 2011: 246.2
  - 2012: 312.1

- **Mortgage Loan Production** (in millions)
  - 2009: 112.7
  - 2010: 136.4
  - 2011: 119.6
  - 2012: 244.2
COMMERCIAL LENDING

FBFC is Wisconsin’s #1 Community Bank SBA Lender, and is one of the top 25 in the nation for SBA loan volume. Quick turnaround, local decision-making, and treating our customers right, help our customers dream, grow, and expand.

No one knows the local business climate like local lenders. Our commercial lenders are involved in their communities, get to know local business owners face-to-face, and really understand what local businesses need to be successful.

Commercial Lending Growth

SBA loans and lines of credit allow businesses to purchase equipment, expand, or secure working capital. Options include long-term financing with no balloon payments, longer amortization, and easy access to financing, thanks to the SBA guarantee.

Mantz Automation

Mantz Automation began 24 years ago in the back of a friend’s machine shop where Bob Mantz, with a tool and die background, thought he could produce molds for plastic parts himself. Today, Bob and his wife Denise employ 105 people in a large, modern factory in Hartford, and serve a national client base. Customers like Whirlpool® and In-Sink-Erator® depend on Mantz’s expertise in manufacturing to create the molds for the plastic parts that make their appliances run. Mantz also employs a team of engineers who work closely with customers to design and produce the molds for parts, and run two 12-hour shifts a day of highly skilled workers to keep up with demand.

As a business that regularly buys million-dollar machines, has a large payroll, and takes orders months in advance, cash flow and flexibility are key. They need a bank that can respond quickly and decisively to dynamic and ever-changing needs. After years of frustration working with large national banks, Bob and Denise decided to switch to FBFC about 15 years ago. “It was so nice to get back to a community bank where we mattered,” says Denise. “We went from being someone’s smallest customer, where we’d wait weeks for a decision, to being an important customer who gets a call back in ten minutes.”

Sarah Andritsch, FBFC commercial lender, works with Bob and Denise whenever a banking need arises. Over the years, they have used three SBA loans, and in 2012, added a $1.5 million commercial loan to buy new equipment. Speed and responsiveness are vital to Mantz Automation, whose growth has landed them on Inc.’s 5000 Fastest Growing Companies for the past five years. “FBFC has always understood and supported our business,” says Bob. Working with FBFC, they will always have a banking partner to turn to.

Pictured from left: Denise and Bob Mantz; Sarah Andritsch, FBFC
LEADING THE WAY
...AND LENDING A HAND

At First Bank Financial Centre, management and employees are committed to giving back to the communities we serve. Our giving mission includes support for local health and human services, education, recreation, elder care, and hospice. We also have Business Downtown Loan Pool programs in Oconomowoc, Hartland, and Grafton, established to allow local downtown businesses to finance building improvements at a fixed one percent rate, working to revitalize downtowns one business at a time.

DOWNTOWN LOAN POOL

The Pub
One of downtown Oconomowoc’s highlights is Aelred Gannon’s bright red Irish pub, serving spirits, live music, and delicious Irish fare.

After a fire in a neighboring building, they took advantage of the Downtown Loan Pool to make improvements to the safety and efficiency of their HVAC system.

Volunteerism

Eighty-five percent of our employees volunteer in their communities. One hundred percent of our bank’s management volunteer as well.

Stillwaters Cancer Support Services

After watching her son battle a brain tumor for 10 years, and living with breast cancer, Mary Soergel, the founder of Stillwaters Cancer Support Services, recognized that the physical, mental, emotional, and spiritual balance of the entire family is disturbed when one of its members is diagnosed with cancer. In the late 1980s, Mary began facilitating a support group in Oconomowoc to help people with cancer learn how to navigate their own recovery. Stillwaters functioned on a volunteer basis until it became incorporated as a non-profit organization in 1994.

Over the last 15+ years, Stillwaters has served thousands of cancer patients, family members, grieving survivors, co-workers, and others, by providing short-term professional counseling and support services. Stillwaters counselors have been recognized by many for their compassionate, professional desire to help anyone affected by a cancer diagnosis.

As a community-based, not-for-profit agency, Stillwaters’ mission is to help people with cancer not feel alone on their journey, by nurturing the whole person, mind, body, and spirit. Services include professional counseling for individuals and families, professionally facilitated support groups, workshops, and grief services. All services are available at no-cost to participants.

FBFC is proud to support the mission of this valuable community organization.
## Consolidated Statements of Income

### As of December 31

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest and dividend income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans, including fees</td>
<td>$30,627</td>
<td>$28,825</td>
<td>$28,231</td>
<td>$28,308</td>
</tr>
<tr>
<td><strong>Securities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable</td>
<td>$2,045</td>
<td>$1,999</td>
<td>$1,849</td>
<td>$1,031</td>
</tr>
<tr>
<td>Tax-exempt</td>
<td>$1,249</td>
<td>$1,281</td>
<td>$1,096</td>
<td>$949</td>
</tr>
<tr>
<td>Other</td>
<td>$29</td>
<td>$32</td>
<td>$16</td>
<td>$58</td>
</tr>
<tr>
<td><strong>Total interest and dividend income</strong></td>
<td>$33,950</td>
<td>$32,137</td>
<td>$31,192</td>
<td>$30,346</td>
</tr>
<tr>
<td><strong>Interest expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>$14,528</td>
<td>$9,332</td>
<td>$6,222</td>
<td>$4,763</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>$170</td>
<td>$108</td>
<td>$155</td>
<td>$195</td>
</tr>
<tr>
<td>Other borrowings</td>
<td>$1,035</td>
<td>$954</td>
<td>$1,035</td>
<td>$754</td>
</tr>
<tr>
<td>Subordinated debentures</td>
<td>$320</td>
<td>$215</td>
<td>$131</td>
<td>$141</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>$16,053</td>
<td>$10,609</td>
<td>$7,543</td>
<td>$5,853</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>$17,897</td>
<td>$21,528</td>
<td>$23,649</td>
<td>$24,493</td>
</tr>
<tr>
<td><strong>Provision for loan losses</strong></td>
<td>$2,295</td>
<td>$2,547</td>
<td>$1,926</td>
<td>$6,049</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>$15,602</td>
<td>$18,981</td>
<td>$21,723</td>
<td>$18,444</td>
</tr>
<tr>
<td><strong>Noninterest income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service fees</td>
<td>$1,291</td>
<td>$1,115</td>
<td>$799</td>
<td>$758</td>
</tr>
<tr>
<td>Loan servicing income</td>
<td>$1,711</td>
<td>$2,122</td>
<td>$1,661</td>
<td>$2,977</td>
</tr>
<tr>
<td>Gain from sale of loans</td>
<td>$1,329</td>
<td>$1,847</td>
<td>$3,578</td>
<td>$9,697</td>
</tr>
<tr>
<td>Gain on sale of available-for-sale securities</td>
<td>$1,370</td>
<td>$1,198</td>
<td>$1,394</td>
<td>$2,140</td>
</tr>
<tr>
<td>Other</td>
<td>$437</td>
<td>$640</td>
<td>$793</td>
<td>$851</td>
</tr>
<tr>
<td><strong>Total noninterest income</strong></td>
<td>$6,138</td>
<td>$6,922</td>
<td>$8,225</td>
<td>$16,423</td>
</tr>
<tr>
<td><strong>Noninterest expense:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>$9,827</td>
<td>$10,328</td>
<td>$12,308</td>
<td>$14,687</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>$2,708</td>
<td>$2,870</td>
<td>$3,230</td>
<td>$3,502</td>
</tr>
<tr>
<td>Data processing</td>
<td>$850</td>
<td>$1,117</td>
<td>$1,168</td>
<td>$1,467</td>
</tr>
<tr>
<td>Net loss on other real estate</td>
<td>$607</td>
<td>$534</td>
<td>$1,757</td>
<td>$3,443</td>
</tr>
<tr>
<td>Advertising and promotions</td>
<td>$450</td>
<td>$785</td>
<td>$747</td>
<td>$862</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$922</td>
<td>$742</td>
<td>$691</td>
<td>$797</td>
</tr>
<tr>
<td>Contributions</td>
<td>$136</td>
<td>$102</td>
<td>$149</td>
<td>$181</td>
</tr>
<tr>
<td>Other</td>
<td>$3,187</td>
<td>$3,004</td>
<td>$2,500</td>
<td>$2,350</td>
</tr>
<tr>
<td><strong>Total noninterest expense</strong></td>
<td>$18,687</td>
<td>$19,482</td>
<td>$22,550</td>
<td>$28,189</td>
</tr>
<tr>
<td><strong>Income before provision for income taxes</strong></td>
<td>$3,053</td>
<td>$6,421</td>
<td>$7,398</td>
<td>$6,678</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$553</td>
<td>$2,034</td>
<td>$2,395</td>
<td>$1,489</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$2,500</td>
<td>$4,387</td>
<td>$5,003</td>
<td>$5,189</td>
</tr>
<tr>
<td><strong>Earnings per common share</strong></td>
<td>$7.46</td>
<td>$13.09</td>
<td>$14.93</td>
<td>$15.48</td>
</tr>
</tbody>
</table>

### Loan Portfolio

An analysis of the allowance for loan losses for the years ended Dec. 31 follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at beginning</strong></td>
<td>$5,787</td>
<td>$5,001</td>
<td>$5,512</td>
<td>$5,189</td>
</tr>
<tr>
<td><strong>Loans charged off</strong></td>
<td>$2,295</td>
<td>$2,547</td>
<td>$1,926</td>
<td>$6,049</td>
</tr>
<tr>
<td><strong>Recoveries of loans previously charged off</strong></td>
<td>$3,200</td>
<td>$2,092</td>
<td>$2,482</td>
<td>$3,195</td>
</tr>
<tr>
<td><strong>Balance at end</strong></td>
<td>$5,001</td>
<td>$5,512</td>
<td>$5,189</td>
<td>$8,192</td>
</tr>
</tbody>
</table>
Dear Shareholders,

As Chairman of the First Bank Financial Centre Board of Directors, it’s been a pleasure updating shareholders on the performance of the Bank these past years, and this year is no different. Once again, First Bank Financial Centre and Oconomowoc Bancshares, Inc. reported their highest earnings and highest capital levels in our 153 year history.

I concluded my letter last year with the phrase “We are strong, we are profitable, and we are growing!”, and I am proud to report that 2012 was indeed a growth year. With the strategic acquisition of two branches, and the construction of a third branch, our key business lines have been expanded to leverage this growing geographic footprint. FBFC entered three new communities, and is fast becoming a southeast Wisconsin banking entity that few could have imagined just a few short years ago.

With this growth and expansion, the existing headquarters building in downtown Oconomowoc has exceeded its capacity, prompting a significant construction project in 2013. This will not only expand the building, but will help FBFC become one of the centerpiece of Oconomowoc’s downtown redevelopment plans.

Success breeds future opportunity, and we have positioned ourselves well to continue the vision of strong, profitable growth in the coming years. It is important to never lose sight of the “strong” part of this vision, for a strong balance sheet is the foundation of a strong bank.

I would like to thank our Board, Management Team, and Employees, for their continued passion in making this community bank great.

Very truly yours,

Robert W. Snyder

Independent Auditor’s Report

Board of Directors and Stockholders
Oconomowoc Bancshares, Inc. and Subsidiaries
Oconomowoc, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Oconomowoc Bancshares, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in stockholders’ equity, and cash flows for the years then ended, and in our report dated March 20, 2013, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

Wipfli LLP

March 26, 2013
Milwaukee, Wisconsin

Executive Management

MARK W. MOHR
President,
Chief Executive Officer

MARK T. MCCUNE
Senior Vice President,
Chief Lending Officer

NATE ZASTROW
Senior Vice President,
Chief Financial Officer & Treasurer
FBFC’s Newest Locations

Branch Locations

Brookfield
18815 W. Capitol Dr
Brookfield, WI 53045
(262) 957-3535

Germantown
N112 W17100 Mequon Rd
Germantown, WI 53022
(262) 250-3800

Grafton
2300 Washington St
Grafton, WI 53024
(262) 377-2300

Hartford
940 Bell Ave
Hartford, WI 53027
(262) 673-0920

Hartland
800 Cardinal Ln
Hartland, WI 53029
(262) 369-9900

Madison
Loan Office
2001 W. Beltline Hwy
Madison, WI 53713
(608) 834-4040

Menomonee Falls
N56 W14044 Silver Spring Dr
Menomonee Falls, WI 53051
(262) 252-1302

Mequon
11715 N. Port Washington Rd
Mequon, WI 53092
(262) 518-5100

Oconomowoc
155 W. Wisconsin Ave
Oconomowoc, WI 53066
(262) 569-9900
(888) 569-9909

W359 N5900 Brown St
Oconomowoc, WI 53066
(262) 569-3055

1300 Summit Ave
Oconomowoc, WI 53066
(262) 567-3300

West Bend
1811 W. Washington St
West Bend, WI 53095
(262) 338-9900

Lobby and drive-thru hours available anytime at FBFCWI.com
24-hour telephone banking: (888) 569-5066

Member FDIC
NMLS #: 410817